PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

April 2, 2019

GI-2019-01-SCG-49

Mr. Rodger Schwecke, Senior Vice President
Gas Transmission, Storage & Engineering
Southern California Gas Company
555 West 5th Street, GT21C3
Los Angeles, CA 90013

SUBJECT: **General Order 112-F Operation and Maintenance Comprehensive Gas Inspection of Southern California Gas Company's North Desert Transmission Area**

Dear Mr. Schwecke:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission conducted a G.O. 112-F Comprehensive Operation and Maintenance Inspection of Southern California Gas Company's (SCG) North Desert Transmission Area (Inspection Unit) on January 28 thru February 08, 2019 for calendar years 2015 thru 2018. SED used the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety's "Inspection Assistant Form" as a reference guide to conduct the inspection. SED conducted field inspections of pipeline facilities in the Needles and Victorville Transmission districts within the Inspection Unit. SED's staff also reviewed the Operator Qualification program, which included field observation of randomly selected individuals performing covered tasks.

SED's staff identified one probable violation of G.O. 112-F, Reference Title 49 Code of Federal Regulations (CFR), Part 192, and noted four areas of concern which are described in the attached "Post-Inspection Written Preliminary Findings".

Please provide a written response within 30 days of receipt of this letter indicating any updates or corrective actions taken by SCG to address the probable violation and the concern noted in the "Post-Inspection Written Preliminary Findings".

If you have any questions, please contact Durga Shrestha, at (213) 576-5763.

Sincerely,

Kenneth A. Bruno

Kenneth Bruno
Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division

cc: Troy Bauer, Sempra Energy Utilities
Kan-Wai Tong, SED
Durga Shrestha, SED
Claudia Almengor, SED

Post-Inspection Written Preliminary Findings

Date of Transmittal: 03/14/2019

Dates of Inspection: January 28 – Feb 08, 2019

Operator: SOUTHERN CALIFORNIA GAS CO

Operator ID: 18484

Inspection Systems: SCG North Desert Transmission Unit

Assets (Unit IDs): T: North Desert (87057)

System Type: GT

Inspection Name: 2019 SCG North Desert Transmission

Lead Inspector: Durga Shrestha

Operator Representative: Khoa Le, Pipeline Safety and Compliance Advisor

Unsatisfactory Results

Maintenance and Operations: Gas Pipeline Overpressure Protection (MO.GMOPP)

Question	**Do records indicate testing or review of the capacity of each pressure relief device at each pressure limiting station and pressure regulating station as required?**
References	192.709(c) (192.743(a), 192.743(b), 192.743(c))
Assets Covered	T: North Desert (87057 (49)
Issue Summary	During the review of records for annual inspection of relief valves KJ-NG-01, KJ-NG-02, and KJ-NG-03; the work order was found with check mark on "Review Cap.". When asked what review was performed before marking "Review Cap." was done, SoCalGas responded that nothing was changed from the previous year, hence the capacity was unchanged. SED staff followed up this issue as follows: SCG Gas Standard 223.0345 states, *6.9. If review and calculations are used to determine if a device has sufficient capacity, the calculated capacity must be compared with the*

rated or experimentally determined relieving capacity of the device for the conditions under which it operates. After the initial calculations, subsequent calculations need not be made if the annual review documents that parameters have not changed to cause the rated or experimentally determined relieving capacity to be insufficient.

SED staff requested list of parameters mentioned in the standard (underlined above).

SoCalGas provided the following response from 2018 inspection:

This issue was reviewed last year during the South Desert 2018 audit. SCG and SDGE do not list the parameters which would trigger a Gas Engineering review because the range of possibilities is numerous. The field technicians are trained, Op Qualed, and have years of field experience and can identify when conditions exist on the pipeline or system which would warrant Gas Engineering review. Some of these reviews are triggered during O&M activities, or on capital projects. This subject was discussed last year, and it was agreed that our practice was acceptable and in compliance with DOT regulations.

*SCG did not list the **parameters** which would trigger a Gas Engineering review to comply with its procedure 223.0345 and 49 CFR 192, Section 192.743 (a) and (b). Hence, SoCalGas is in violation of 49 CFR 192, Section 192.743 (a) and (b).*

Concerns

1. Maintenance and Operations: Gas Pipeline Maintenance (MO.GM)

Question	**Are field inspection and partial operation of transmission line valves adequate?**
References	192.745(a) (192.745(b))
Assets Covered	T: North Desert (87057 (49))
Issue Summary	During the field inspection, SED observed that SCG's transmission line main valves' hydraulic unit was leaking fluid: 1. L3000 MP 50.1 Hydraulic unit leaking fluid 2. L235 MPV # 20 MP 204.63-1 Hydraulic unit leaking fluid SCG's procedure 223.0215 Valve inspection & maintenance-Transmission, Section 4.9 "Substantial conditions that were not repaired during the inspection shall be reported on an appropriate form (e.g., Compliance Corrective Work Order in MAXIMO". SED recommends that SCG take remedial action to address the leaking fluid.

2. Maintenance and Operations: ROW Markers, Patrols, Leakage Survey and Monitoring (MO.RW)

Question	**Are line markers placed and maintained as required?**
References	192.707(a) (192.707(b), 192.707(c), 192.707(d))

Assets Covered	T: North Desert (87057 (49))
Issue Summary	During the field inspection, SED observed that aboveground regulator station at L335 MP 0.2 did not have line markers posted on the outside fence of the regulating station. SED recommends that SCG place and maintain line marker on each section of the fence to identify its facility in accordance with 192.707 (c).

3. Public Awareness and Damage Prevention: ROW Markers, Patrols, Monitoring (PD.RW)

Question	**Are line markers placed and maintained as required?**
References	192.707(a) (192.707(b), 192.707(c), 192.707(d))
Assets Covered	T: North Desert (87057 (49))
Issue Summary	During the field inspection, SED observed that aboveground regulator station at L335 MP 0.2 did not have line markers posted on the outside fence of the regulating station. SED recommends that SCG place and maintain line marker on each section of the fence to identify its facility in accordance with 192.707 (c).

4. Time-Dependent Threats: Atmospheric Corrosion (TD.ATM)

Question	**Is pipe that is exposed to atmospheric corrosion protected?**
References	192.481(b) (192.481(c), 192.479(a), 192.479(b), 192.479(c))
Assets Covered	T: North Desert (87057 (49))
Issue Summary	During the field inspection, SED observed that SCG's aboveground pipelines had damaged (dis-bonded) coatings at soil-to-air interfaces for the following aboveground pipelines: 1. L3000 MP6.82 - pipe to soil coating damage 2. L3000 MP4.58- pipe to soil coating damage 3. L3000 MP3.89- pipe to soil coating damage 4. L3000 MP3.28- pipe to soil coating damage 5. L3000 MP1.28- pipe to soil coating damage 6. L3000 MP 59.19- pipe to soil coating damage 7. L3000 MP 59.16- pipe to soil coating damage 8. L3000 MP 58.53- pipe to soil coating damage 9. L4002 MP 65.06- pipe to soil coating damage SCG's procedure 184.12 B/S inspection Section 4.1.4 *"Deterioration of protective coatings:* • *If the pipe is wrapped, are there any cracks or voids?* • *If the pipe is painted, are they any chips, cracks, and/or flaking?"* SED recommends that SCG gives a particular attention at soil-to-air interfaces and take remedial action whenever necessary to maintain protection against atmospheric corrosion

5. Time-Dependent Threats: External Corrosion - CP Monitoring (TD.CPMONITOR)

Question	**Are methods used for taking CP monitoring readings that allow for the application of appropriate CP monitoring criteria?**
References	192.465(a)
Assets Covered	T: North Desert (87057 (49))
Issue Summary	During the field inspection, SED observed that Line 6916 at MP 1.31, Line 235 at MP215.22, and Line 235 at MP 58.79 had CP reads that were higher than the acceptable level (-2.0 V). SCG's procedure 186.0035 Criteria for Cathodic Protection, Section 4.3.3 requires instant-off not to exceed -1.2 volts and pipe to soil read not to exceed -2.0 volts. SED recommends that SCG takes remedial action to address the high reads.

Question	**Do records adequately document actions taken to correct any identified deficiencies in corrosion control?**
References	192.491(c) (192.465(d))
Assets Covered	T: North Desert (87057 (49))
Issue Summary	During the maintenance work follow up, an employee discovered that an annual read point within the range of the out-of-tolerance points on a work order was recorded out of tolerance but not referenced on the work order. The point was at M.P. 126.84 on Line 235 and P/S read in 2015 during annual inspection was -0.646 V with -0.667 V as minimum required. This point was not read again until the next annual inspection in 2016 when it was recorded "back in tolerance" with P/S read -0.739 V. This point was not monitored after the SCG crew identified CP deficiencies. However, all the actions performed on the work order for other out-of-tolerance points applied to this point as this point was within the range. SED recommends SCG to make sure that this event does not occur in future.